

POSTAL HERITAGE TRUST
(A company limited by guarantee)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Charity Number: 1102360
Company Number: 4896056

POSTAL HERITAGE TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Contents	Page
Legal and administrative information	1
Trustees' report (including Strategic report)	2 - 14
Auditors' report	15 - 17
Consolidated Statement of financial activities	18-19
Consolidated Balance Sheet	20
Charitable company balance sheet	21
Consolidated cash flow statement	22
Notes to the financial statements	23 - 39

POSTAL HERITAGE TRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees

Richard Wills
Jonathan Evans
Julian Barker
David Gold
Mike Russell
Paola Barbarino
Susan Raikes
Kathryn Sherratt
Peter Walls
Laura Wright

Chairman
Vice Chairman, Retired 28th January 2021

Resigned 12th January 2021

Chief Executive

Laura Wright

Secretary

Lawrence Melinek

Bankers

NatWest Bank
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Solicitors

Russell Cooke
2 Putney Hill
London
SW15 6AB

Registered office

Calthorpe House
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Organisation

Postal Heritage Trust is a registered charity (number: 1102360) and company limited by guarantee (number: 4896056). The charity is governed by its articles of association.

Website

www.postalmuseum.org

POSTAL HERITAGE TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees, who are also directors for the purposes of charity law present the annual report and the audited financial statements of the company for the year ended 31 December 2020. The Trustees' Annual Report includes both the Directors' Report and the Strategic Report for the purposes of company law.

STRUCTURE, GOVERNANCE & MANAGEMENT

NAME AND REGISTERED OFFICE OF THE CHARITY

Postal Heritage Trust (PHT) is a company limited by guarantee, company number 04896056 and a registered charity in England & Wales charity number 1102360. Its registered address is 15-20 Phoenix Place, London WC1X 0DL.

ORGANISATIONAL STRUCTURE

Postal Heritage Trust (PHT) heads the group of companies which collectively are known, and trade, as The Postal Museum (TPM). Postal Heritage Collection Trust, the other charity in the group, owns the collection of historic material known as The Postal Museum Collection but otherwise, it is not engaged in any trading activities. PHT and PHCT share the same Board members. PHT manages the collection held by PHCT. PHT also owns the entire share capital of two trading subsidiaries, Postal Heritage Services Limited (PHSL), which is engaged in archive services, and Postal Heritage Trading Limited (PHTL) (formerly Mail Rail Trading Limited (MRTL), which engages in commercial trading. These financial statements are the accounts of PHT and the consolidated financial statements for the group. This trustees' report therefore refers to both the work of PHT and to the other constituent members of the group.

The group workforce is conventionally organised through a line management structure, set by the Board of Trustees. The Chief Executive has an Executive Team that meet weekly. There are regular full staff meetings and team meetings for each of the TPM's departments.

The Board of Trustees sets the remuneration of the Chief Executive, who in turn sets the remuneration of the senior staff in consultation with the Trustee Board's Audit and Finance subcommittee.

DIRECTORS/TRUSTEES

The Board of Trustees (the Board) is composed of up to fifteen members: ten selected by the Trust via an open selection policy, up to three nominated by Royal Mail Group (RMG), and up to two nominated by Post Office Limited (POL), both following their own internal selection policies. At present, there are nine trustees. RM and POL have the right to appoint one trustee each

The Board can be added to by co-option, but at present there are no co-opted trustees. Trustees joining the Board receive a full introduction to PHT's purpose and premises. In addition to a personal briefing, they receive the trustees' handbook which includes links to the Charities Commission best practice documentation.

In 2020, the Board met bimonthly, with other meetings, including conference calls, taking place as and when necessary. The following committees report to the Board: An Audit and Finance sub-committee, reporting on internal and external audit factors and risk, which meets at least four times per year; a Collections sub-committee which meets to consider issues related to the management of TPM's heritage material.

The PHSL and PHTL boards of directors comprise PHT trustees together with TPM's Head of Collections (PHSL) and Head of Commercial (PHTL). There is a professional advisory board for Archive supplying external expertise in this area.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

OUR PURPOSE

Who We Are:

The Postal Museum tells the story of postal communication and its impact on a global society.

What We Do:

We use our collection to explore stories around communication, and to inspire everyone to make richer and more meaningful connections in their lives.

Our Values Are:

- Openness
- Generosity
- Innovation
- Curiosity
- Playfulness

We Will:

Be open and generous in spirit and action

Deliver innovation

Communicate our stories with clarity and playfulness

Be curious about people's stories and experiences

Strategic Objectives:

Core

- Champion good communication and connections in individuals, families, communities, and society
- Look after our collection and expand access to it
- Grow an increasingly diverse audience and enrich their lives

Supporting:

- Develop and maintain a sustainable financial model.
- Grow our partnerships across the country and around the world.

CHARITABLE OBJECTIVES AND ACTIVITIES

The objectives of the Postal Heritage Trust (adopted 12 October 2010 and re-adopted in 2013) are:

- *to advance the education* of the public particularly in the history of postal communication and related services and of the activities of the British Post Office and its successors and the postal and communications systems worldwide;
- *to establish and maintain museum(s) and/or archive(s) for the benefit of the public*, and in pursuit of that object:
 - collect artefacts and archives including postal artefacts and archives which may be British or international to a published policy agreed by the Charity;
 - manage, document, conserve and safeguard the national postal collections and other collections and holdings to the highest appropriate professional standards;
 - exhibit, interpret and provide access to the collections.
- *to restore, exhibit and preserve objects*, (including vehicles and where appropriate buildings and other structures) particularly those objects associated with the history of postal and related services and the activities of the British Post Office and its successors
- to undertake any other charitable purpose.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

ACTIVITIES AND PUBLIC BENEFIT- MEETING THE CHARITABLE OBJECTS

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The public benefit delivered by the group is set out in more detail in the review below.

REVIEW OF THE YEAR

What we have done in 2020

The Museum closed due to Covid-19 restrictions from 18 March 2020 after strong visitor numbers during the previous months, particularly the February half term. Subsequently, the museum was open to visitors for just 10 days in the year, between the end of October and early December, with severely reduced capacity owing to social distancing.

During the summer months, the museum ran tunnel walks to provide some access to the site for the public and to generate income. These walks were popular, and we welcomed 328 participants on Tunnel Walks over 35 tours in 2020, compared with 218 participants in 2019.

Reacting to Covid-19

The museum secured £250,000 emergency funding from the National Lottery Heritage Fund and £860,000 from the Arts Council England Cultural Recovery Fund. This vital funding supported the museum to continue its work, bring staff back from furlough, retain staff numbers, adapt the museum, continue vital projects around diversity and inclusion audience development and sustainability, and to rebuild reserves.

Operational changes to the museum, ticketing, and workforce infrastructure

Following the museum's closure, a programme of work was developed to support all staff to work from home. Office access was limited to a few hours per week to enable work that could not be carried out at home and to reduce overhead costs. During such time, building maintenance, cleaning and security services continued as required.

The museum's insurers were engaged to provide guidance on a variety of matters, including security whilst the museum was closed. The museum maintained on-site security once a week and remote monitoring was in place at other times.

In line with government guidance and Visit Britain's Good to Go industry standard (achieved in September 2020), plans commenced to reopen the museum in October 2020 under Covid-secure conditions. This included developing a Covid-19 risk assessment, modifying both sites and the trains to manage a reduced capacity and provide a more prescriptive one-way route for visitors including starting the visit in Mail Rail. Pre-visit information for visitors, delivered via the website and a remote Box Office service highlighted the changes to the museum that included encouraging the wearing of face covers, directional/queuing floor graphics, till and train protective screens, installation of hand sanitising units, pre-booked online tickets only, use of NHS track and trace system etc.

Ticketing was defined by the reduced capacity on the train. with the number of trains in service reduced from three to two per hour. At the end of the train ride, visitors exited, one household bubble at a time. This slowed the flow rate of visitors through the galleries, supporting social distancing and providing a safer environment for staff and visitors.

The museum's opening hours were based on existing staffing levels. The Front of House team and other support staff were placed in to two bubbles, one per museum building. The sites were adapted to provide dedicated break-out areas with defined capacities for staff, cleaners, and security to support social distancing. Prior to Front of House staff returning to work, a site induction, dedicated Covid-safety, and refresher training was provided. Back of House staff were notified of strict access requirements.. The reduced visitor numbers supported staff to ease back in to work – visitor feedback indicated that staff were great, and they felt the Covid-safe measures across the museum were excellent.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Programming

The Postal Museum's third temporary exhibition *The Great Train Robbery: Crime & the Post* was open to the public from the beginning of October 2019 to March 2020, and then for a few days between the end of October and early December 2020. The exhibition revealed the untold story of the Post Office Investigation Branch and the role it played in The Great Train Robbery of 1963 – in which a gang stole £2.6 million from a Royal Mail train travelling from Glasgow to London.

Up to 50,000 people visited the exhibition between 11th October 2019 and the end of December 2020, with around one third of those visiting the museum specifically to see the displays and 88% of all visitors to the exhibition being first-time visitors to TPM.

Visitor feedback about the exhibition was very positive – 62% of responders rated their experience of the temporary exhibition as 'Excellent' and 34% as 'Good'. Positive comments to support ratings focused on:

- Informative and / or interesting content;
- Quality of the exhibition design;
- Interactive and / or immersive exhibits;
- Content / activities for all ages;
- Personal relevance.

In February 2020, the fourth and final Post Early: Relaxed Mornings at The Postal Museum event, funded by City Bridge Trust and The D'Oyly Carte Charitable Trust, targeted at autistic and neurodiverse adults and children, took place. The event attracted a record 131 people – a huge increase from previous relaxed events. Feedback was excellent and we will use findings to inform the development of the future programme.

The Post Early programme delivered the following outputs over the 1-year pilot project:

- Five full-day creative workshops with the Youth Patrons to co-produce the TPM programme and resources for autistic and neurodiverse people. Youth Patrons were shown behind the scenes at the Museum to discover how it is run and took part in activities to learn new heritage-focussed skills such as cataloguing and interpretation.
- A programme of Post Early relaxed morning events, reaching 291 adults and children. Co-developed and co-delivered by the Youth Patrons and informed by the Advisory Panel, these events provided exclusive access to the Museum for autistic and neurodiverse adults and children and their families. Elements included adaptations to the museum environment (e.g., reduced sound levels and increased staff levels), tailored workshops and a sensory quiet space.
- Resources to support and enhance visits for autistic and neurodiverse people, including, sensory activity satchels and visual communication cards to help visitors locate key objects, interactive exhibits, and facilities.
- Pre-visit information produced with the Youth Patrons, including visual stories and 2 films scripted, narrated, and performed by the Youth Patrons.
- Autism Awareness training for 45 staff and volunteers from the Museum.

Focus groups, interviews, questionnaires and observations with stakeholders and Post Early attendees showed impactful outcomes:

The Youth Patrons developed their communication and decision-making skills and they reported increased confidence. They felt ownership of the project because their voices were heard and valued.

"I enjoyed using my experiences to improve The Postal Museum. I loved helping create the resources and having a direct impact on a project I have thoroughly enjoyed."

Georgia, Youth Patron.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

"I'm so proud that as a group of autistic individuals, simply by being honest and sharing what works for us we have created something I never had as a child, such a unique and inclusive experience for individuals and families."

Bella, Youth Patron.

By sustaining our relationship with Ambitious about Autism (AaA) and co-producing the programme with the Youth Patrons, we successfully understood and met the wants, needs and expectations of autistic and neurodiverse visitors. Stakeholders and Post Early attendees reported increased feelings of belonging and wellbeing, increased confidence, and high levels of engagement as a result of taking part.

"It has been a real delight being involved in this partnership work and we are yet to find another museum more willing and enthusiastic about making changes and improving their offer for all."

Emily, AaA.

"When I came in and saw the young people running the event, it was so obvious the event was important to the museum. It's important for me that Henry has role models, and those young people showed me that. We've never had that anywhere else, it made me feel like it was a community event catered for us. You can't explain that feeling of belonging."

Parent, Post Early event.

Public Programme events delivered for adults at the beginning of 2020 included:

- Post Mortem: a hands-on workshop giving attendees an insight into skills and techniques used in forensic crime scene investigation:
"My partner and I had a great time at the workshop and thought that on the whole it was excellent. Overall, we thought it was great, the content covered exciting aspects of being a CSI/SOCO and it was pitched at the right level – we're really pleased we did it."
- Friday Late: Valentines at Mail Rail event on Valentine's Day. This was The Postal Museum's first trial at a Late evening opening event for adults. The Museum teamed up with The Mental Health Collective who run an initiative around Valentine's Day known as The Great British Valentine. This programme encourages individuals to make and send a non-romantic Valentine's Day card to a stranger who is experiencing loneliness at that time of year. The event was very successful with 100 tickets selling very quickly.
- *Diaries of a Private Investigator*, a talk by Charlotte Thornber, Director and Founder of private investigation firm, Taylor Investigations. The talk looked into historic crimes, such as The Great Train Robbery, and considered the techniques used to bring the criminals to justice and how modern resources could have resulted in a faster result. Feedback included:
"Amazing event. Super interesting content – especially her stories of real work. Also – an inspiring female speaker – hurrah!"
"Very enjoyable event. I learnt things I did not know."

February Half-Term was our busiest school-holiday family programme since opening in 2017, with 1,045 people reached during the week of activity, which included storytelling and a range of arts and crafts activities.

The first few weeks of 2020 were also a busy period for the schools programme. In January, 31 classes visited TPM, and 5 classes took part in The Jolly Postman Programme. By comparison, in January 2019, 20 classes visited TPM and 3 took part in The Jolly Postman Programme.

February 2020 was even busier, with school visits nearing capacity. In 2020, 21 classes visited TPM and 5 took part in The Jolly Postman programme. By comparison, in February 2019 20 classes visited and 2 took part in The Jolly Postman programme.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

March 2020 was set to be another packed month for schools – 44 classes were booked to visit, with 4 booked to take part in The Jolly Postman programme. In 2019, 26 classes visited, and 1 class took part in The Jolly Postman programme. In the end, 10 visits went ahead before the Covid-19 situation developed.

Most school visits in early 2020 were from primary school children – Key Stage 1 students (5-7 years), followed by Key Stage 2 students (7 –11 years), and then Early Years Foundation Stage students (3 – 4 years). Many schools (90% in January 2020) were repeat visitors, with Science, Technology, Engineering, and Maths (STEM) such as the Mail Rail Science Show and literacy-focused Jolly Postman Programme proving to be especially popular.

Teachers consistently rate their visit 9 or 10/10. Interactive sessions, Mail Rail, Sorted! and our staff and volunteers all score between 8 – 10/10. Teachers frequently comment on how interactive, informative, and engaging our sessions are, with how our staff can differentiate for learning styles. Comments included:

"Thoroughly enjoyed the day! The staff were very helpful. Children wished they had a longer time there."

"The students LOVED all the hands-on, interactive activities it was nice that they get to explore freely"

"An educational experience, fully interactive visually for children to learn from"

"All of our kids who are often hard to challenge or difficult to engage were totally engaged."

"We saw a usually mute child come alive."

In December 2020, we launched our new Virtual Learning Programmes – adapting the successful Jolly Postman sessions for delivery to schools via the Zoom videoconferencing platform:

"Captured the attention of all the children from the beginning. A workshop full of wonder, suspense, and inclusion- lots of the children are keen to teach others the sign language we learnt! These little posties cannot wait to visit the team very soon!"

"Even when you did the test call and I logged in and saw it, it was so much more engaging even for an adult! It is great for the kids, the use of visual representation, especially if English is not their first language, pictures, text, signs, and the facilitator in costume all in the same place. It was magic how things appeared and changed. They didn't realise it was another Zoom, it was much more engaging."

"A really engaging session for ALL learners that was a great alternative to the real-life outreach programme."

"The Jolly Postman is usually our highlight of the year; we're so happy you set this up."

Virtual content and online engagement

2020 has been a year of changing relationships between audiences and cultural venues across the world. Visitors' behaviours shifted to engage in new ways online, as the reliance on physical visits was disrupted.

A huge cross-organisational effort to develop unique, intriguing, and diverse stories during closure led to a 192% increase in visits to our blog, with a steady increase in blog readers in the age group 18-24. There have been close to 2000 downloads of school resources, hundreds of downloads of family activities, and over 100,000 videos views, including 15,000 views of the Mail Rail from Home virtual experience, published to provide virtual access to Mail Rail during closure.

We continued to provide access to the Discovery Room virtually, with 1,018 archive inbox emails answered and 382 Records Centre emails answered.

Fundraising

The museum was successful in several applications for project funding, as well as the emergency grants received. In July, the museum received £250,000 from the National Lottery Heritage Fund and in October, Arts Council England awarded a grant of £860,000 to cover the period from 1 October to 31 March.

Respond and Reimagine Grant, Art Fund: The museum was successful in its application to Art Fund, securing £30,000 towards physical changes to the museum's interactives and environment to ensure a Covid-19 safe visit. This was particularly focussed on adapting interactives to be touch free, to ensure the participatory visit was not compromised for children and autistic visitors. The funding enabled the museum to work with a long-standing partner,

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Ambitious about Autism, to consult on the changes with autistic young people and update our pre-visit resources with their valuable input.

Projects and partnerships

Several partnerships have been continued during 2020 and new partnerships developed. We have continued our relationship with the Addressing Health project, working in partnership with several universities to use our collections to help study the link between working condition, health, and retirement in urban and rural late 19th Century Britain. The pandemic altered the way we have had to go about this project and some rethinking has taken place, but work has continued building a digital catalogue of pension records that will allow future transcription by volunteers.

To coincide with the 75th anniversary of the end of the Second World War in Europe we relaunched the GPO War Heroes website with improved data and promoted this online alongside national commemorations. This led to a new partnership with Ancestry.co.uk which resulted in them updating links to the pages from the website to their site in November 2020, resulting in significant increase in usage of the website.

In late 2020 we also renewed a relationship with students of Central St Martins College of Art. Over several years we have welcomed students from their course and in 2020 a new cohort of students engaged with us on a project to find new ways to allow audiences to engage with postcards, linked to the new exhibition, considering the changes brought about by the pandemic. Some of this work will be used in a season of activities being launched in 2021.

HR and staff support

From the beginning of the pandemic, two priorities shaped the museum's actions – those of the financial security of the organisation and the safety and wellbeing of its staff. The furlough scheme was a huge safety net for both priorities and the majority of staff were furloughed as soon as the scheme was introduced. 85% of staff were full or part time furloughed from March 2020 through to September 2021.

Various mechanisms were put in place to stay in touch with furloughed staff, including connecting with them through their preferred means of communication, whether that be text, email or WhatsApp. Weekly memos were sent by the CEO covering work news and personal updates. A variety of ways of keeping in touch socially were trialled as well. Nevertheless, it was a relief to be able to bring the whole team back to work from October 2020 following the receipt of emergency funding. This also gave some time to allow the reestablishment of working practices and the development of new projects around content development and Diversity and Inclusion, for example.

The museum ran a staff survey in the summer of 2020 which indicated that staff members had felt very well looked after during the period of lockdown. This was followed by discussion groups and feedback about the museum Forward Plan in Autumn 2020. Again, feedback was almost entirely constructive and positive with the majority of staff excited about the future vision of the museum and keen to proactively contribute to its development. This feedback will be incorporated into the planning round in 2021.

Collections

The pandemic forced a rethink in how and what we collect. The massive impact of the pandemic on the postal service meant we had to ensure we captured this story but reduced access to building and collections meant we had to work differently. New items continued to be offered to the collections and we accepted a selection of them. We also began to proactively seek material that reflects the use of the post during the pandemic through our Covid-19 and the Post project involving collected physical objects and recorded interviews. We are exploring ways of developing this to reflect the ongoing impact of the virus on the postal service.

We have also worked with the businesses we support, Royal Mail and Post Office Limited, to ensure the official record has been collected. Despite reduced building access throughout the pandemic there has been a continued need to provide access to certain records for our stakeholders. This has been managed carefully with consideration to the rules in place at the time. We also continue to engage with both businesses around digital collecting exploring how best to ensure long term preservation of records, including those we generate ourselves.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Practical conservation and digitisation were reduced in 2020 as the teams involved were furloughed at various times. Nevertheless, conservation and digitisation took place for the new postcard exhibition and some commercial work was also carried out when restrictions allowed. Working practices were also adapted to allow for working from home where possible.

Our conservation team has supported the ongoing care and management of the collections and building, especially during periods of lockdown, to ensure all areas where the collections are stored and exhibited are safe, secure and remain environmentally stable.

FINANCIAL REVIEW

Reserves

Postal Heritage Trust's reserves position is under constant monitoring and management. The general policy of the Trustees is to maintain at least three months' worth of operating expenditure as working capital, to safeguard The Postal Museum's efficient running and its ability to meet current commitments and providing stakeholders with assurance about its financial resilience. The nature of the timing of voluntary funding receipts based on agreements with Royal Mail Group and Post Office Ltd, means that this is not always the case but the agreements themselves provide comfort that the museum can continue its normal operations. The reserves policy will be kept under regular review to ensure the museum has sufficient resources to continue to meet its strategic aims and objectives.

Of the total funds of £16,730k (2019: £17,070k) at the year end, £97k (2019: £87k) were restricted, as detailed below, and £16,632k (2019: £16,983k) were unrestricted, all of which were designated as detailed below. The designated funds represent the net asset valuation following completion of the capital project.

Overall, the museum made a deficit of £340k (2019: £696k deficit) for the year after the depreciation provision of £1,144k (2019: £1,149k). Excluding depreciation there was a surplus of £804k (2019: £453k surplus).

Restricted funds

- Funds represented by the book value of the Collection held by PHCT: £81k (2019: £81k).
- Funds received for the digitisation of Post Office records which was £6k at year end.
- Arts Fund Reimagine Project, the remaining balance of which at year end was £10k.

Unrestricted funds

Designated funds

- Funds designated related to fixed assets and The Postal Museum capital project: £16,165k (2019: £16,187k).

General funds

- General unrestricted funds: £Nil (2019: £Nil). As the museum in effect, is a new start-up, we are in the process of experimenting and developing services and processes. The stated aim is to build on the successful launch and generate reserves to establish long term sustainability. This involves the development of strong partnerships with key stakeholders including Royal Mail Group and Post Office Limited. It is expected that this process will stabilise in the next two years before sustainable reserves start to build.

Analysis of the funds detailed above in terms of their representation is as follows:

	General £	Designated £	Restricted £	Total £
Fixed Assets	325,145	22,857,577	81,367	23,264,089
Net Current Assets/(Liabilities)	(208,478)	876	15,916	(191,686)
Long term liabilities - loans	-	(6,226,187)	-	(6,226,187)
- deferred income	(116,667)	-	-	(116,667)
	-	16,632,266	97,283	16,729,549

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Cash flow

As can be seen on the cash flow statement on page 21, the cash balance at the year end had increased by £1,017k to £2,105k. This welcome increase is largely derived from emergency funding grants received to support the museum's charitable purposes during the pandemic.

Emergency unrestricted grant income comprised £250k from the National Lottery Heritage Fund; £860k grant from Arts Council England, split in equal halves between 2020 and 2021; £638k from the Job Retention Scheme (furlough).

Visitor numbers are expected to remain much lower than pre-pandemic levels, with the expectation of a slow recovery running through to 2023. This will inevitably result in much lower levels of income generated from visitors. In line with its purpose, the cash surplus will therefore be used to develop and support the museum's programme of activities and its other normal operations over this period.

Related parties

Postal Heritage Trust (PHT) was formed from the Heritage Services department of Royal Mail in 2004, from whom it received fixed assets and staff.

Royal Mail Group (RMG) originally nominated two members on the Trust's board upon foundation, and, like Post Office Ltd., (POL) retains the right to nominate at least one board member.

Both RMG and POL have Funding Agreements to 2040 which provide the charity with £1.43m (2019: £1.41m), but index linked in future years) of unrestricted funds, payable over the year to December 2020, for the general purpose of meeting its charitable objectives. They have also transferred some of their intellectual property rights to the group.

POL and RMG have an Archive Services Agreement with PHT via its trading subsidiary, Postal Heritage Services Ltd, which provided the latter with £1,012k of income over the year to December 2019 (2019: £1,012k), for the purpose of maintaining, and providing public access to the RMG /POL archives. This agreement runs until 2040.

The charity and the Postal Heritage Collection Trust (PHCT) are under joint control of the board of trustees. PHCT is a company limited by guarantee. It is a holding entity into which the Royal Mail Museum Collection was transferred on 29 March 2004.

Principal risks and uncertainties

Principal risks

The primary risk is the ability to resolving satisfactorily the historical loans relating to the capital project made to The Postal Museum by Post Office Ltd and Royal Mail. Trustees received non-binding letters of comfort from both lenders dated 23 December 2020, which run for a period of 12 months subject to meeting the deadlines as set out in the memorandum of understanding (MOU), in which all three parties commit to resolving the loans issue in a satisfactory long-term fashion. Although these letters are due to expire, further letters of comfort have not been forthcoming but that is understood to be for administrative reasons rather than as a reflection of a change of intent by either lender. The trustees are committed to working collaboratively with Post Office Ltd and Royal Mail even though the deadlines as set out in the MOU through no fault of the museum, have not been achieved. It is expected that a satisfactory resolution that is acceptable to all parties will be reached in the near future following the signing off of these accounts.

Trustees consider that the other main risk over this period relates to cash. They are assured by the cash balance at the end of August 2021 and the projected budgets and cash flow as outlined above provided that agreement can be reached on renegotiating the repayment terms of the loan. Currently the loans are classified as due within more than one year as whilst the initial terms and conditions were breached as at the year end date, neither RM nor POL have sought to seek repayment of the loan up to September 2021. Additionally, they are reassured by the tight spending controls that the museum has demonstrated since 2018, including a revised operating model which tightly manages third-party contracts in-house and the levers that the museum can pull to increase at quick notice the capacity of the museum, thus driving admissions income.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Postal Museum's operational risk profile can be measured against its dependence in a normal year of operations, on income from the following income streams: 25% from admissions income, 36% from fundraising, 16% from services and 19% from commercial activity. The major risks associated with each are as follows:

Admissions Income – The principle financial risks to admissions income are the reliability of the Mail Rail attraction, including the trains, and the demand for tickets from the public. As the museum is established, the visitor profile is understood and train reliability has improved, these are rated as “low” in the TPM risk register. TPM's reputation is also a key factor in attracting visitors, centred on its ability to meet legal standards, and in particular, health, safety, and security obligations.

Fundraising – Much of the fundraising target has been secured through long term agreements with RM and POL but that still leaves a significant sum to be raised each year from various sources. A shortfall in fundraising income is rated “low” in the TPM risk register following mitigating actions. A membership scheme was introduced in 2019 to help build long term loyalty across a broader donor base.

Commercial Income – This income derives from three components: Retail, Food & Beverage (F&B) and Events. F&B is the smallest component and is considered to be of low risk. Retail performance is dependent on a combination of forecast attendance and spend per head being achieved. The novelty of the TPM sites ensures that our Events operation continues to attract new business in a very challenging market. Based on expected value, the performance of the Events offer is rated “low” in the TPM risk register and competitive pricing seems to be the key to achieving sufficient volume to meet our targets.

Services Income – This mainly derives from our management of the archives and public records of both POL and RM. These services are governed by and funded through a long-term agreement, and so the principal risks relate to failure to deliver services to the defined SLA's and/or loss or damage to the collections; both these eventualities are rated as “low to moderate” risks due to their likelihood of failure following mitigating actions.

Risk management

The Audit & Finance Sub-Committee oversee the risk management process. The TPM Risk Registers are reviewed by the executive team on a periodical basis with a highlight report being provided to the full Board for following each review. The Audit & Finance sub-committee aims to review the full set of registers at least quarterly.

As a condition of our funding, we continue to report on specific key risks to the Heritage Lottery Fund as part of their monitoring process.

The trustees have considered the financial position of the museum in great detail and note the following:

Lookout period

The strategy and direction of the museum has been outlined in the Forward Plan which runs through to 2023. Sitting alongside this is a cash flow projected to the end of 2022. Both assume the return of visitors through the years 2021 and 2022 building to a conservative estimate of 80% of actual 2019 totals by the end of 2022, ensuring a healthy cash balance at the end of that year. Planned content to be shown within the museum alongside digital and virtual delivery, developed alongside an Audience Development Plan, gives the Trustees confidence that audiences will be attracted to interesting and relevant displays, blogs, talks and events.

This strategy has been strongly endorsed by various funding bodies who have generously supported The Postal Museum since opening and especially through the pandemic in 2021 and 2022.

Supporting analysis

The Trustees, through the delegated responsibility of the Finance and Audit Committee, regularly review budgets, reforecasts, and cash flow scenarios along with underlying assumptions and risks. Scenario planning underlies the budgets set with constructive challenge coming through committees and the Board. Trustees receive regular updates from the Executive Team which make clear the actions that can be taken to mitigate against any downturns by reducing expenditure at relatively short notice and by avoiding any unnecessary long term large financial

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

commitments. They are also assured of the entrepreneurial nature of the organisation through reports on income generating activities.

Going concern

As is reported in note 1b on page 23, the trustees have considered the charitable group's forecasts and projections for a period of 12 months from the approval of the financial statements. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future, a minimum of which is a period of twelve months and, subject to the non-enforcement of the loan repayment obligations. The charity therefore continues to adopt the going concern basis in preparing its financial statements, but the Trustees consider that the conditions described in respect of the historical loans as mentioned above, constitute a material uncertainty which may cast significant doubt over the charitable company's ability to continue as a going concern.

Trustees are clear that The Postal Museum continues to be a going concern despite the hitherto absence of a permanent agreement with Royal Mail and Post Office Ltd to resolve the historic loans. Both lenders have indicated in a series of meetings and other correspondence that their preferred outcome is for the Postal Museum to continue to exist and neither has given any indication of any intention to call back the loans in accordance with their contractual rights.

Post Balance Sheet Event – Covid-19

To safeguard staff and visitors in response to the coronavirus outbreak, the museum was once again required by law to close to the public from 14 December 2020 until 20 May 2021. This resulted the cessation of admissions and commercial income for the first 4½ months of the year.

The museum has undertaken continuous cash flow scenario modelling to help identify the periods when it would be at greatest financial risk. This has helped inform both the timing and the extent of mitigating actions required to maintain a cash balance at a level which enables the museum eventually to emerge from the crisis and maintain a suitable and sustainable programme.

Covid-19 has put the museum sector at extra risk but many of long-term issues are mitigated for The Postal Museum. The museum commenced 2021 with a healthy cash balance and has assured funding of £2.1 million which meant that reliance on other sources of income was minimised. Its visitor base is heavily skewed to the domestic market which will recover more quickly than in-bound tourism. It is attractive to families who are keen consumers of visitor attractions with pent up demand to be satisfied.

FUTURE PLANS

The events of 2020 have galvanised and clarified the work that we had started in 2018 and continued through 2019, which centred around using our collection to generate stories which we can tell in different ways to different audiences.

Generating Content which appeals to diverse audiences, and which can be delivered in varied ways is fundamental to The Postal Museum's continued relevance. This has become ever more important during 2020 and will be at the heart of our activity over the next few years.

Alongside content, a key guiding principle will be Diversity and Inclusion, at all levels, in the governance, staffing and audiences of TPM, and in all outputs of the organisation.

These two priorities will shape all our activity in 2021 and beyond, as we move through and beyond the impacts of Covid-19. Our ambition is that this time will challenge us to work differently and better; that we will be relevant and interesting to a wide range of audiences; that we will model inclusive partnership working with our local communities and that we will continue to innovate our ways of serving our audiences and in the ways that we work.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Audience

In 2021, we will initiate a new long-term audience development plan identifying specific groups of people with whom we would like to engage and the proactive steps that we will take to attract and retain their interest. It will build on work done to date but take a fresh look at our core purpose and the goals for audiences that inspires – striving to find a balance between social purpose, financial sustainability, and creative ambitions.

The work will be led by the Executive Team and involve everyone across the organisation. The finalised strategic plan will be based on the findings from talking and listening to current and potential audiences, creating a shared understanding of those groups of people and our aspirations for engaging with them. This will help guide our activities, ensure that they are coherent, and that they align to work towards the same objectives. It will enable us to prioritise activities and allocate resources to those activities.

Brand

Brand is much more than a logo and a visual identity. It is about a set of values and behaviours, underpinned by a core purpose (a mission and a vision) that should inform everything that we do. The brand has already naturally moved on since the original proposition and toolkits were developed, resulting in a degree of fragmentation and lack of a definitive documentation outlining the key brand elements in succinct form to support staff.

In late 2019/early 2020 a brand audit was conducted by a brand consultant. This comprised both stakeholder consultation with selected staff and a review of existing brand documentation, to ascertain understanding of brand and its current practical applications. This work was paused during 2020, due to Covid-19.

In 2021, the recommendations of this audit will inform brand development internally, led by the Marketing and Communications team working with the whole organisation. This work runs hand in hand with Audience Development and the development of the Museum's approach to content.

Content

Much of our content delivery will be guided by seasonal Collection Themes. Each theme is an area The Postal Museum wishes to expand understanding of and develop public engagement with.

In 2021, the theme is 'the influence of the postcard'. The Museum is launching a new season of activities to mark the introduction of the British Postcard, 151 years ago. The centre piece of this will be a new temporary exhibition and public programme around this. It will form the basis of plans to support the reopening of the Museum post the lockdown. Due to the changed ways of operating brought about by the pandemic we shall also explore new ways to engage with audiences, making use of virtual content and embedding virtual delivery into our day to day thinking.

This work will be guided by a Virtual Delivery Group, established in 2020 and central to delivering virtual content through 2020/21.

Sustainability

In 2021, the museum will establish a Sustainability Working Group, to draw together expertise from across the museum and unify projects that are underway to reduce the museum's carbon emissions. The group will engage staff, gather insights, champion change in practices for our staff and visitors and ultimately to deliver a green roadmap for the museum.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company and the group and of the movement in funds, including the income and expenditure, of the charitable Company and group for that period.

POSTAL HERITAGE TRUST

TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable Company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report, which includes both the Directors Report and the Strategic Report for the purposes of company law was approved by the Board on 27 September 2021 and signed on their behalf by:



Richard Wills
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

POSTAL HERITAGE TRUST

Opinion

We have audited the financial statements of Postal Heritage Trust for the year-ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated and company balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2020 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1b in the financial statements, which indicates that Postal Heritage Trust has defaulted on its loan repayment obligations and, whilst assurances have previously been obtained from the lenders that they will not enforce debt recovery these assurances are not legally binding and expire in December 2021. As stated in note 1b, the directors expect a satisfactory resolution to negotiations with the lenders but these have not concluded at the date of the approval of the financial statements. These matters indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report (which includes the Strategic Report). Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

POSTAL HERITAGE TRUST

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report prepared for the purpose of company law).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 13-14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to registered charities, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to areas of estimation uncertainty and to manual accounting journals. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

POSTAL HERITAGE TRUST

-
- Identifying and testing manual journals, in particular unusual any unusual items; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)
29 September 2021

For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London EC4R 1AG

POSTAL HERITAGE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2020

		Year to Dec 2020 Unrestricted	Year to Dec 2020 Restricted	Year to Dec 2020 Total	Year to Dec 2019 Total
	Notes	£	£	£	£
INCOME					
Donations and legacies					
Donations & Grants - Royal Mail Group Ltd	4	1,434,212	-	1,434,212	1,406,907
Donations & Grants - Other	4	1,384,865	27,000	1,411,865	547,423
Income from Charitable activities					
Admissions and membership		447,777	-	447,777	1,339,317
Outreach and exhibitions		600	-	600	45,036
Income from other trading activities					
Income of trading company - PHSL	6	1,039,384	-	1,039,384	1,045,527
Income of trading company – PHTL	6	281,357	-	281,357	848,318
Other income		43,828	-	43,828	137,126
Investment Income		771	-	771	1,813
TOTAL INCOME		4,632,794	27,000	4,659,794	5,371,468
EXPENDITURE					
Charitable activities:					
Operation of The Postal Museum	5	1,594,797	-	1,594,797	2,165,388
Collections	5	573,787	-	573,787	762,201
Outreach and exhibitions	5	399,914	16,998	416,912	631,530
Costs of raising funds:					
Expenses of charity – PHT	5	659,593	-	659,593	717,402
Expenses of trading company - PHSL	5	1,328,041	-	1,328,041	891,424
Expenses of trading company – PHTL	5	426,910	-	426,910	856,425
TOTAL EXPENDITURE		4,983,042	16,998	5,000,040	6,067,370
Net (expenditure)/income		(350,248)	10,002	(340,246)	(695,903)
Transfer between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(350,248)	10,002	(340,246)	(695,903)
Funds brought forward		16,982,514	87,281	17,069,795	17,765,698
FUNDS CARRIED FORWARD		16,632,266	97,283	16,729,549	17,069,795

There were no recognised gains and losses other than those shown in the above Statement of Financial Activities. All income and expenditure of the period was derived from continuing activities. Note 12 on page 34 shows the 2020 Statement of Financial Activities split between funds.

The notes on pages 23 to 39 form part of these financial statements.

POSTAL HERITAGE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2019

		Year to Dec 2019 Unrestricted	Year to Dec 2019 Restricted	Year to Dec 2019 Total	Year to Dec 2018 Total
	Notes	£	£	£	£
INCOME					
Donations and legacies					
Donations & Grants - Royal Mail Group Ltd	4	1,406,907	-	1,406,907	1,399,960
Donations & Grants - Other	4	441,947	105,476	547,423	490,093
Income from Charitable activities					
Admissions and membership		1,339,317	-	1,339,317	1,523,248
Outreach and exhibitions		45,036	-	45,036	23,967
Income from other trading activities					
Income of trading company - PHSL	6	1,045,527	-	1,045,527	1,038,724
Income of trading company – PHTL	6	848,318	-	848,318	967,348
Other income		137,126	-	137,126	40,729
Investment Income		1,813	-	1,813	950
TOTAL INCOME		5,265,991	105,476	5,371,468	5,485,019
EXPENDITURE					
Charitable activities:					
Operation of The Postal Museum	5	2,165,388	-	2,165,388	2,246,968
Collections	5	762,201	-	762,201	812,836
Outreach and exhibitions	5	520,328	111,202	631,530	839,041
Costs of raising funds:					
Expenses of charity – PHT	5	717,402	-	717,402	1,080,256
Expenses of trading company - PHSL	5	891,424	-	891,424	867,011
Expenses of trading company – PHTL	5	856,425	-	856,425	616,985
TOTAL EXPENDITURE		5,956,168	111,202	6,067,370	6,463,097
Net (expenditure)/income		(690,177)	(5,726)	(695,903)	(978,078)
Transfer between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(690,177)	(5,726)	(695,903)	(978,078)
Funds brought forward		17,672,691	93,007	17,765,698	18,743,776
FUNDS CARRIED FORWARD		16,982,514	87,281	17,069,795	17,765,698

There were no recognised gains and losses other than those shown in the above Statement of Financial Activities. All income and expenditure of the period was derived from continuing activities. Note 12 on page 35 shows the 2019 Statement of Financial Activities split between funds.

The notes on pages 23 to 39 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2020**

		Dec 2020		Dec 2019	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets					
Other fixed assets	7	23,264,089		24,294,688	
Museum Collection	8	<u>81,367</u>		<u>81,367</u>	
			23,345,456		24,376,055
CURRENT ASSETS					
Stock – goods for resale		60,638		63,212	
Debtors and prepayments	10	443,026		620,833	
Cash at bank and in hand		<u>2,105,297</u>		<u>1,088,597</u>	
		2,608,961		1,772,642	
CREDITORS : amounts falling due within one year	11	<u>(2,882,014)</u>		<u>(2,250,529)</u>	
NET CURRENT (LIABILITIES) / ASSETS			<u>(273,053)</u>		<u>(477,887)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			23,072,403		23,898,168
CREDITORS : amounts falling due after more than one year					
Loans	11		(6,226,187)		(6,511,706)
Deferred income	11		<u>(116,667)</u>		<u>(316,667)</u>
NET ASSETS			<u>16,729,549</u>		<u>17,069,795</u>
FUNDS					
Restricted funds:	12		97,283		87,281
Unrestricted funds:					
Designated	12		16,165,566		16,186,692
General	12		-		-
Trading subsidiary reserves	12		<u>466,700</u>		<u>795,822</u>
			<u>16,729,549</u>		<u>17,069,795</u>

The notes on pages 23 to 39 form part of these financial statements.

Approved and authorised for issue by the board of directors on 27 September 2021 and signed on their behalf by:



Richard Wills
Director

CHARITABLE COMPANY BALANCE SHEET
AT 31 December 2020

		Dec 2020	Dec 2019
	Note	£	£
FIXED ASSETS			
Tangible fixed assets			
Other fixed assets	7	23,264,089	24,294,362
Investment in subsidiary companies at cost	9	<u>2</u>	<u>2</u>
		23,264,091	24,294,364
CURRENT ASSETS			
Debtors and prepayments	10	803,133	552,859
Cash at bank and in hand		<u>854,285</u>	<u>178,029</u>
		1,657,418	730,888
CREDITORS: amounts falling due within one year	11	<u>(2,479,538)</u>	<u>(2,120,464)</u>
NET CURRENT LIABILITIES		<u>(822,120)</u>	<u>(1,389,576)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,441,971	22,904,788
CREDITORS: amounts falling due after more than one year			
Loans	11	(6,226,187)	(6,511,706)
Deferred income	11	<u>(34,300)</u>	<u>(200,474)</u>
NET ASSETS		<u>16,181,484</u>	<u>16,192,608</u>
FUNDS			
Restricted funds	12	15,916	5,916
Unrestricted funds:			
Designated	12	16,165,568	16,186,692
General	12	<u>-</u>	<u>-</u>
		<u>16,181,484</u>	<u>16,192,608</u>

The notes on pages 23 to 39 form part of these financial statements.

Approved and authorised for issue by the board of directors on 27 September 2021 and signed on their behalf by:



Richard Wills
Director

CONSOLIDATED CASH FLOW STATEMENT
AT 31 December 2020

	Dec 2020	Dec 2019
	£	£
Cash flows from operating activities		
Net (expenditure) for the financial year	(340,246)	(695,904)
Adjustments for		
Depreciation	1,144,232	1,148,946
Interest received	(771)	(1,813)
Loss disposal of fixed assets	-	-
(Profit) on disposal of heritage assets	-	(3,941)
(Increase) / decrease in stock	2,574	(26,574)
(Increase) / decrease in debtors	177,807	(202,604)
(Increase) / decrease in creditors	145,966	135,766
Net cash generated from operating activities	1,129,562	353,876
Cash flows from investing activities		
(Purchase) of tangible fixed assets	(127,633)	(142,872)
(Purchase) of heritage assets	-	(12,875)
Proceeds from sale of heritage assets	-	3,941
Proceeds from sale of fixed assets	14,000	-
Interest received	771	1,813
Net cash from investing activities	(112,862)	(149,993)
Cash flows from financing activities		
Cash inflow from new borrowing	-	-
Net increase / (decrease) in cash and cash equivalents	1,016,700	203,884
Cash and cash equivalents at beginning of the year	1,088,597	884,714
Cash and cash equivalents at the end of the year	2,105,297	1,088,597

Movement in net debt

	£	£	£	£
	At 1 January 2020	Cash flows	Non-cash changes	At 31 December 2020
Cash at bank and in hand	1,088,597	1,016,700	-	2,105,297
Loans due within one year	(538,294)	-	(285,519)	(823,813)
Loans due after one year	(6,511,706)	-	285,519	(6,226,187)
	(5,961,403)	1,016,700	-	(4,944,703)
Total	(4,872,806)	1,016,700	-	(4,944,703)

The notes on pages 23 to 39 form part of these financial statements.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

a) Accounting basis

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011, and Regulations made thereunder.

In the view of the trustees in applying the accounting policies adopted, no judgements were required, other than the determination of the appropriateness of the going concern basis as set out below, that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

b) Going concern

FRS102 requires the trustees to adopt a going concern basis in preparing the financial statements unless they intend to liquidate the charitable company or have no realistic alternative to do so.

As has been the case since 2018, Postal Heritage Trust, the parent charitable company, and Postal Heritage Services Ltd have defaulted on their loan repayment obligations to Royal Mail Group Ltd and Post Office Ltd. However, the lenders have not exercised their right under the default provisions of the loan agreement, to require immediate repayment of the loan. Trustees received non-binding letters of comfort from both lenders dated 23 December 2020, which run for a period of 12 months subject to meeting the deadlines as set out in the memorandum of understanding (MOU), in which all three parties commit to resolving the historic loans in a satisfactory long-term fashion. Although these letters are due to expire, further letters of comfort have not been forthcoming but that is understood to be for administrative reasons rather than a reflection of a change of intent by either lender. The trustees are committed to working collaboratively with Post Office Ltd and Royal Mail even though the deadlines as set out in the MOU through no fault of the museum, have not been achieved. It is expected that a satisfactory resolution that is acceptable to all parties will be reached in the near future following the signing off of these accounts, and on that basis the trustees continue to consider it appropriate in order for the accounts to show a true and fair view to disclose an element of the loans as repayable after one year.

The non-enforcement of the loan repayment obligations constitutes a material uncertainty that may cast significant doubt as to the charity's ability to continue as a going concern. Nonetheless, the trustees have concluded that going concern is appropriate for the reasons set out below.

In particular the trustees have considered the charitable group's forecasts and projections for a period of 15 months from the approval of these financial statements to 31 December 2022. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future, a minimum of which is a period of twelve months and, subject to the non-enforcement of the loan repayment obligations and agreement to revised terms and conditions as set out by the MOU within the timeframes noted above.

Trustees are clear that The Postal Museum continues to be a going concern despite the hitherto absence of a permanent agreement with Royal Mail and Post Office Ltd to resolve the historic loans. Both lenders have indicated in a series of meetings and other correspondence that their preferred outcome is for the Postal Museum to continue to exist and neither has given any indication of any intention to call back the loans in accordance with their contractual rights.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

c) Consolidation basis

The consolidated financial statements of Postal Heritage Trust (PHT) include the results, assets and liabilities of the charitable company and its wholly-owned trading subsidiary companies, Postal Heritage Services Limited

and Postal Heritage Trading Limited on a line by line basis. In addition, the consolidated financial statements include Postal Heritage Collection Trust (PHCT), a charitable company under common control, on a similar basis. In prior years, the consolidated financial statements were prepared by PHCT. The charity has taken

advantage of the exemption afforded by section 408 of the Companies Act 2006 and has not prepared a separate Statement of Financial Activities.

d) Restricted funds

Restricted funds are to be used for specified purposes, as laid down by the grant-making body or donor.

e) Designated funds

Designated funds have been set aside at the Trustees' discretion for a specific purpose.

f) Unrestricted funds

Unrestricted funds include donations, consultancy income and other incoming resources received or generated for unspecified charitable purposes.

g) Donations and gifts

Income received by way of donations and gifts is included in the Statement of Financial Activities when received or there is a high probability of receipt.

No value is placed on donated services and facilities in the financial statements on the basis of immateriality.

h) Revenue grants

Revenue grants are credited to incoming resources in the year for which they are receivable. Revenue grants are deferred where the income represents amounts received for future years and are released to incoming resources in the year for which they have been received.

i) Expenditure

All expenditure is accounted for on the accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Such support costs, including governance costs, are allocated between cost of generating funds and resources expended on charitable activities on basis of time spent.

Salaries are allocated to the Postal Heritage Trust and its trading subsidiaries, Postal Heritage Services Limited and Postal Heritage Trading Limited, on the basis of time spent on each activity.

Governance costs, which are allocated consistently with other costs, are those costs relating to the general running of the charity by its trustees and include audit fees and trustee expenses.

i) Operating leases

The costs of operating leases are charged to the Statement of Financial Activities in the year to which they relate.

k) Heritage assets

The charity holds a collection of assets which reflect the history of the postal system. The museum collection is comprised of items which would fall under the definition of heritage assets in FRS 102 where such a

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

heritage asset is defined as an asset “with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture”.

The majority of assets in the collection are not valued on the balance sheet on the basis that appropriate valuations do not exist and could not be obtained at proportionate cost.

A small number of heritage assets were acquired by purchase in relatively recent past and, in the case of these assets, the cost of purchase is known. The aggregate cost of these assets is shown on the balance sheet. No depreciation is charged.

l) Depreciation and amortisation

The costs of fixed assets with a purchase price of £1,000 or more are capitalised and written off on a straight-line basis over their useful lives, as follows:

Office equipment, fixtures, and fittings	5 years
Long leasehold property	40 years and 25 years (period of lease)

m) Pension scheme

The charity makes employer's contributions into the Royal Mail Group POS and POPS defined benefit final salary schemes on the behalf of seven employees transferred into its employment from Royal Mail Group. The costs are charged to the Statement of Financial Activities when they fall due. The schemes are multi-employer schemes.

2. STAFF NUMBERS AND COSTS

	Year to Dec 2020	Year to Dec 2019
	Number	Number
(a) The average number of employees during the year were as follows:	92	95

- (b) One employee (2019: 0) received remuneration in the band £60,000 - £70,000.
No employee (2019: one) received remuneration in the band £70,000 - £80,000.
One employee (2019: 0) received remuneration in the band £100,000 - £110,000.
No employee (2018: 1) received remuneration the band £120,000 - £130,000.
For the purpose of the above disclosure, remuneration refers to salary and taxable benefits in kind only.
The employers' pension contributions for the same employees were £10,543.

	Year to Dec 2020	Year to Dec 2019
	£	£
Wages and salaries	2,147,278	2,183,999
Social security costs	181,365	199,538
Pension costs	137,117	148,918
Termination payments	-	3,000
	2,465,760	2,535,455

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

During the year reimbursable expenses of £62 (2019: £1,121) were paid to 1 (2019: 3) trustee for travelling expenses and subsistence.

The charity made payments of £1,466 (2019: £1,337) in the year for trustees' indemnity insurance.

Laura Wright was employed as CEO and Trustee of the charity. The legal authority for payments to her was a Charity Commission Order. During the year she received remuneration of £105,859 in respect of her employment. In addition, the charity made contractual pension contributions of £6,352 in respect of her employment.

The total employee benefits of the charity's Key Management Personnel were £425,471 (2019: £459,406).

3. NET MOVEMENT IN FUNDS FOR THE YEAR

	Year to Dec 2020	Year to Dec 2019
	£	£
This is stated after charging:		
Auditors' remuneration – audit of parent company	12,530	22,300
– subsidiary company audits	12,950	8,250
– other services	7,806	8,150
Operating leases – land and buildings	180,964	225,059
Depreciation of fixed assets	1,144,232	1,148,946

4. DONATIONS AND LEGACIES

	Year to Dec 2020 Unrestricted £	Year to Dec 2020 Restricted £	Year to Dec 2020 Total £	Year to Dec 2019 Unrestricted £	Year to Dec 2019 Restricted £	Year to Dec 2019 Total £
Donations & Grants - Royal Mail Group Ltd and Post Office Ltd	1,434,212	-	1,434,212	1,406,907	-	1,406,907
Donations & Grants - Other	67,250	-	67,250	441,947	105,476	547,423
Arts Council England Grant	430,000	-	430,000	-	-	-
National Heritage Lottery Fund Grant	250,000	-	250,000	-	-	-
Arts Fund Grant	-	27,000	27,000	-	-	-
Coronavirus Job Retention Scheme	637,615	-	637,615	-	-	-
	2,819,077	27,000	2,846,077	1,848,854	105,476	1,954,330

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

5. ANALYSIS OF EXPENDITURE

	PHT	PHSL	PHTL	Collections	Outreach	Operations	Year to Dec 2020 Total
	£	£	£	£	£	£	£
DIRECT COSTS							
Staff Costs	315,589	285,720	132,258	267,797	90,168	680,324	1,771,856
Other staff related items & consultancy	3,233	970	1,585	5,384	5,749	16,089	33,010
Property costs	64,630	3,997	-	107,696	115,006	321,809	613,138
Direct activity costs	22,403	116	68,027	36,749	39,330	109,725	276,350
Depreciation	116,221	326	-	203,272	217,113	607,300	1,144,232
	522,076	291,129	201,870	620,898	467,366	1,735,247	3,838,586
SUPPORT COSTS							
Governance Support Costs							
Staff Costs	5,733	-	-	9,123	9,737	27,450	52,043
Other staff consulting	250	-	-	407	436	1,217	2,310
Auditors remuneration	1,601	9,150	10,100	2,460	2,626	7,349	33,286
Trustee Expenses	7	-	-	11	12	32	62
Other Support Costs							
Staff Costs	50,333	149,292	49,764	82,563	88,364	246,520	666,836
Other staff related items & consultancy	1,614	-	-	2,648	2,833	7,905	15,000
Insurance	9,700	-	-	15,912	17,030	47,510	90,152
Post, stationery, telephone	857	-	978	1,405	1,503	4,194	8,937
Office equipment	256	-	-	420	449	1,253	2,378
IT costs	8,674	4,658	3,859	14,227	15,227	42,481	89,126
Legal & Professional	1,797	-	-	2,948	3,156	8,804	16,705
Other	1,651	690	2,632	2,706	2,897	8,082	18,658
Loan interest	165,961	-	-	-	-	-	165,961
Gift Aid to charity	(86,080)	700,000	100,000	(141,200)	(151,120)	(421,600)	-
Support cost recharge	(24,837)	173,122	57,707	(40,741)	(43,604)	(121,647)	-
	137,517	1,036,912	225,040	(47,111)	(50,454)	(140,450)	1,161,454
Total expenditure 2020	659,593	1,328,041	426,910	573,787	416,912	1,594,797	5,000,040
Total expenditure 2019	717,402	891,424	856,425	762,201	631,530	2,165,388	6,067,370

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

ANALYSIS OF EXPENDITURE (2019 comparative note)

	PHT	PHSL	PHTL	Collections	Outreach	Operations	Year to Dec 2019 Total
	£	£	£	£	£	£	£
DIRECT COSTS							
Staff Costs	294,504	307,525	177,950	249,897	84,150	634,766	1,748,792
Other staff related items & consultancy	-	-	772	-	-	-	772
Property costs	105,306	4,312	193	175,526	187,460	524,505	997,302
Direct activity costs	66,165	11,030	187,680	108,520	116,151	324,077	813,623
Depreciation	118,091	4,658	-	202,951	216,751	606,495	1,146,946
	539,066	327,525	366,595	736,894	604,512	2,089,843	4,707,435
SUPPORT COSTS							
Governance Support Costs							
Staff Costs	6,618	-	-	10,177	10,862	30,397	58,054
Other staff consulting	111	-	-	181	194	541	1,027
Auditors remuneration	2,399	4,050	4,200	3,935	4,202	11,764	30,550
Trustee Expenses	121	-	-	198	211	591	1,121
Other Support Costs							
Staff Costs	66,936	165,806	55,269	109,785	117,505	327,857	843,158
Other staff related items & consultancy	540	-	-	885	947	2,641	5,013
Insurance	9,557	-	-	15,675	16,777	46,809	88,818
Post, stationery, telephone	1,530	96	701	2,509	2,680	7,500	15,016
Office equipment	1,438	-	-	2,358	2,524	7,046	13,366
IT costs	5,030	3,181	938	8,265	8,825	24,625	50,864
Legal & Professional	3,190	1,525	1,573	5,232	5,600	15,624	32,744
Other	5,477	1,709	5,091	8,984	9,615	26,828	57,704
Loan interest	162,500	-	-	-	-	-	162,500
Gift Aid to charity	(56,254)	172,448	350,363	(92,266)	(98,754)	(275,537)	-
Support cost recharge	(30,857)	215,084	71,695	(50,611)	(54,170)	(151,141)	-
	178,336	563,899	489,830	25,307	27,018	75,545	1,359,935
Total expenditure 2019	717,402	891,424	856,425	762,201	631,530	2,165,388	6,067,370
Total expenditure 2018	1,080,256	867,011	616,985	812,836	839,041	2,246,968	6,463,097

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

6. RESULTS FROM TRADING SUBSIDIARIES

Postal Heritage Services Limited is a wholly owned trading subsidiary of Postal Heritage Trust incorporated in England and Wales.

	Year to Dec 2020	Year to Dec 2019
	£	£
Income and Expenditure:		
Turnover	1,039,384	1,045,527
Coronavirus Job Retention Scheme	73,691	-
Cost of sales	(628,041)	(718,977)
Gross profit	485,035	326,550
Interest Received	518	934
Profit for the year	485,553	327,484
Retained profit at 1 January	518,403	363,367
Retained profit for the financial year	485,553	327,484
Donation to parent charity in respect of 2018 profit	-	(172,448)
Donation to parent charity in respect of 2019 profit	(700,000)	-
Retained profit at 31 December	303,956	518,403
Balance Sheet:		
Fixed Assets	-	326
Debtors	45,088	120,764
Cash	1,068,326	676,356
Creditors	(809,458)	(279,042)
Net Assets	303,956	518,404
Funds		
Share Capital	1	1
Reserves	303,955	518,403
Net Assets	303,956	518,404

Postal Heritage Services Limited has produced audited accounts for the year to 31 December 2020.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

6. RESULTS FROM TRADING SUBSIDIARIES (continued)

Postal Heritage Trading Limited (formerly Mail Rail Trading Limited) is a wholly owned trading subsidiary of Postal Heritage Trust incorporated in England and Wales.

	Year to Dec 2020	Year to Dec 2019
	£	£
Income and Expenditure:		
Turnover	281,357	848,318
Coronavirus Job Retention Scheme	30,879	-
Cost of sales	(326,910)	(506,063)
Gross (loss) / profit and profit for the year before tax	(14,674)	342,255
Interest Received	-	-
Retained profit / (loss) at 1 January	277,417	285,525
(Loss) / profit for the financial year	(14,674)	342,255
Donation to parent charity in respect of 2018 profit	-	(350,363)
Donation to parent charity in respect of 2019 profit	(100,000)	-
Retained profit at 31 December	162,743	277,417
Balance Sheet:		
Stock	60,638	63,212
Debtors	201,322	372,211
Cash	182,686	234,211
Creditors	(199,535)	(163,849)
Net Current Assets	245,111	505,785
Creditors fallings due after more than one year	(82,367)	(228,367)
Net Assets	162,744	277,418
Funds		
Share Capital	1	1
Reserves	162,743	277,417
Net Assets	162,744	277,418

Postal Heritage Trading Limited has produced audited accounts for the year to 31 December 2020.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

7. FIXED ASSETS

Group	Long term Lease	Fixtures, fittings and equipment	Plant & Equipment	Intangible Assets	Total
	£	£	£	£	£
Cost					
At 31 December 2019	21,703,793	2,748,999	2,543,330	210,902	27,207,024
Additions during the year	81,336	1,102	41,405	3,759	127,633
Disposals	(14,000)	-	-	-	(14,000)
At 31 December 2020	21,771,159	2,750,102	2,584,735	214,661	27,320,657
Depreciation					
At 31 December 2019	1,318,243	795,625	702,070	95,645	2,912,336
Charged during the year	544,398	285,004	288,098	40,731	1,158,232
Disposals	(14,000)	-	-	-	(14,000)
At 31 December 2020	1,848,641	1,081,382	990,169	136,376	4,056,568
Net Book Value					
At 31 December 2020	19,992,518	1,668,719	1,594,566	78,285	23,264,089
At 31 December 2019	20,385,550	1,952,621	1,841,260	115,257	24,294,688
Charitable Company					
	Long term Lease	Fixtures, fittings and equipment	Plant & Equipment	Intangible Assets	Total
	£	£	£	£	£
Cost					
At 31 December 2019	21,703,793	2,685,579	2,543,330	210,902	27,143,604
Additions during the year	81,336	1,102	41,405	3,759	127,633
Disposals	(14,000)	-	-	-	(14,000)
At 31 December 2020	21,771,159	2,686,682	2,584,735	214,661	27,257,237
Depreciation					
At 31 December 2019	1,318,243	733,284	702,070	95,645	2,849,242
Charged during the year	544,398	284,679	288,098	40,731	1,157,906
Disposals	(14,000)	-	-	-	(14,000)
At 31 December 2020	1,848,641	1,017,963	990,169	136,376	3,993,148
Net Book Value					
At 31 December 2020	19,992,518	1,668,719	1,594,566	78,285	23,264,089
At 31 December 2019	20,385,550	1,952,295	1,841,260	115,257	24,294,362

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

8. MUSEUM COLLECTION / HERITAGE ASSETS

The collection was transferred by Royal Mail at the time the charity was established. No value has been attributed to this collection as stated in the accounting policies note. Subsequent additions to the collection have been valued at cost. There were no additions to the collection during the year (2019: £12,875). No formal valuation has been made of the collection.

Nature and scale of the assets

The museum's collection, which comprises over 60,000 objects and thousands of documents, is classified under the following categories:

- Postal history
- Duplicate registration sheets of stamps
- Letter boxes
- Paintings, prints and engravings
- Vehicles
- Uniform
- Postal Tools and Equipment (including machines and furniture)
- Ephemera collection
- Photographs and film
- Oral history

All aspects of acquisition and disposal are outlined in the Acquisition and Disposal Policy 2010 which has the approval of the Board of Trustees.

Policy for the acquisition, preservation, management and disposal of heritage assets

The heritage assets of The Postal Heritage Collections Trust are the objects that form the museum collection. The majority of the museum collection was gifted to the Trust in 2004 by Royal Mail Group. Further acquisitions have since been made, by purchase through private sale and auction; and by donation, from Royal Mail and members of the public. The collection is managed to the Accreditation Standard, a national standard managed by the Arts Council England, the government body responsible for Museums and Libraries. Preservation of the museum collection in perpetuity is fundamental to the work of museums and this is undertaken through good collection knowledge, safe packing and housing and good house-keeping. Proactive conservation is undertaken where appropriate; usually related to a project. Disposal from the museum collections is undertaken in line with professional standards, including the Accreditation standard and all disposals are in line with the Museums Association's Code of Ethics for Museums. Disposals from the museum collection are never financially motivated.

Assets reported on the balance sheet

Heritage assets reported on the balance sheet are all reported at cost.

	Additions	Cost of Disposals
Year to 31 December 2020	Nil	Nil
Year to 31 December 2019	£12,875	Nil
Year to 31 December 2018	£25	Nil
Year to 31 December 2017	£8,850	Nil
Year to 31 December 2016	£687	Nil
Year to 31 December 2014	£771	Nil
Year to 31 December 2013	£1,398	Nil
7 months to 31 December 2012	£1,163	Nil

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Transactions relating to heritage assets

From time to time, the trustees approve the transfer of certain duplicate philatelic material for the purposes of sale in support of the capital project to deliver a new Postal Museum / Mail Rail centre. No material from the museum's unique collections has ever been transferred, only duplicate material has been affected. The proceeds from the sale of this material to the Postal Heritage Trust was nil (2019: £4,810). The sales took place in a way that valued the material solely for the transaction and no realistic extension of the valuation to any other material is possible.

9. INVESTMENTS

	Year to Dec 2020	Year to Dec 2019
	£	£
Investments in subsidiary undertakings at cost	2	2

The investments in subsidiary undertakings represent:

(i) The £1 issued share capital in Postal Heritage Services Limited, a company registered in England and Wales.

(ii) The £1 issued share capital of Postal Heritage Trading Limited, a company registered in England and Wales.

The results of both companies are shown in note 6 together with balance sheet information.

10. DEBTORS

	Year to Dec 2020		Year to Dec 2019	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	50,390	49,008	75,503	16,122
Due from Postal Heritage Services Limited	-	415,068	-	-
Prepayments and accrued income	242,608	241,185	406,064	397,471
VAT	142,931	90,775	-	-
Other debtors	7,097	7,097	139,266	139,266
	443,026	803,133	620,833	552,859

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

11. CREDITORS

Amounts falling due within one year

	Year to Dec 2020		Year to Dec 2019	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	279,294	272,083	223,500	207,865
Accruals	737,244	713,348	623,287	615,078
Deferred income	448,375	58,800	496,949	-
VAT	130,040	-	44,245	31,142
Loan interest	388,564	388,564	222,603	222,603
Loans	823,813	823,813	538,294	538,294
Due to Postal Heritage Trading Limited	-	148,246	-	293,888
Due to Postal Heritage Services Limited	-	-	-	110,204
Other creditors	74,684	74,684	101,651	101,390
	2,882,014	2,479,538	2,250,529	2,120,464

Amounts falling due after more than one year

	Year to Dec 2020		Year to Dec 2019	
	Group	Charity	Group	Charity
	£	£	£	£
Deferred income	116,667	34,300	316,667	200,474
Loans	6,226,187	6,226,187	6,511,706	6,511,706
The above loans are repayable:				
In less than one year	823,813	823,813	538,294	538,294
Between one and two years	281,819	281,819	252,961	252,961
Between two and five years	888,713	888,713	787,431	787,431
After more than five years	5,055,655	5,055,655	5,471,314	5,471,314
	7,050,000	7,050,000	7,050,000	7,050,000

With the exception of an interest free amount of £550,000, interest on the loans is payable at an annual rate of 2.5%. Interest did not start to accrue until the first anniversary of practical completion of the Postal Museum project. Practical completion occurred on 17 August 2017. The loans are secured over four bank accounts, at the balance sheet date. The Trust's trading subsidiary, Postal Heritage Services Ltd, has also provided a guarantee in respect of the loans.

The Trust and Postal Heritage Services Ltd have defaulted on their loan repayment obligations to Royal Mail Group Ltd and Post Office Ltd. However, the lenders have not exercised their right under the default provisions of the loan agreement, to require immediate repayment of the loan. The lenders have provided letters of comfort stating that there is no intention to enforce debt recovery within the next 12 months of the date of signing the 2019 accounts, subject to reaching agreement as set out in a MOU dated and as further disclosed in note 1b of the accounting policies on page 23. Even though the deadlines as set out in the MOU through no fault of the museum, have not been achieved, it is expected that a satisfactory resolution that is acceptable to all parties will be reached in the near future following the signing off of these accounts and on that basis the trustees continue to consider it appropriate in order for the accounts to show a true and fair view to disclose an element of the loans as repayable after one year.

Trustees are clear that The Postal Museum continues to be a going concern despite the hitherto absence of a permanent agreement with Royal Mail and Post Office Ltd to settle the historic loans. Both lenders have indicated in a series of meetings and other correspondence that their preferred outcome is for the Postal

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Museum to continue to exist and neither has given any indication of any intention to call back the loans in accordance with their contractual rights.

12. FUNDS 2020	Brought forward	Income	Expenditure	Transfers	Carried forward
	£	£	£	£	£
RESTRICTED					
Postal Heritage Collection Trust	81,367	-	-	-	81,367
Digitised memorial books	5,914	-	-	-	5,914
Arts Fund Reimagine Project	-	27,000	(16,998)	-	10,002
	87,281	27,000	(16,998)	-	97,283
UNRESTRICTED - DESIGNATED					
Collection fund	876	-	-	-	876
Tangible fixed assets	16,185,816	-	-	(21,126)	16,164,690
	16,186,692	-	-	(21,126)	16,165,566
UNRESTRICTED - GENERAL					
Postal Heritage Trust	-	3,636,851	(4,457,977)	821,126	-
Postal Heritage Services Limited	518,404	1,113,593	(628,041)	(700,000)	303,956
Postal Heritage Trading Limited	277,418	312,236	(326,910)	(100,000)	162,744
	795,822	5,062,680	(5,412,928)	21,126	466,700
	17,069,795	5,089,680	(5,429,926)	-	16,729,549

RESTRICTED FUNDS

Exhibition & Education – funds donated for the development and delivery of schools’ workshops and learning resources.

Postal Heritage Collection Trust holds the value of the collection owned by the museum. The value in the Balance Sheet represents the items of known value.

The balance against digitised memorial books represents the value of the unspent grant received for this activity.

The Arts Fund Reimagine Project represents the funds received to support the museum’s reinterpretation of its exhibitions in a post-Covid world.

DESIGNATED FUNDS

Collection Fund – Income from the disposal of collection assets held against future collection purchases or collection preservation expenditure.

Tangible fixed assets – funds tied up in the fixed asset and related loans of the parent charitable company.

UNRESTRICTED FUNDS

General fund – funds available to the charity for unrestricted use, which include grant income in respect of the period to 31 December 2020.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY

The funds of charitable company only are as above, excluding the general funds related to Postal Heritage Services Limited and Postal Heritage Trading Limited, and the restricted fund related to Postal Heritage Collection Trust.

FUNDS 2019	Brought forward	Income	Expenditure	Transfers	Carried forward
	£	£	£	£	£
RESTRICTED					
Postal Heritage Collection Trust	68,492	-	-	12,875	81,367
Jolly Postman Education Officer	19,515	-	(19,515)	-	-
Mail coach wheels	5,000	7,875	-	(12,875)	-
Mail Rail for All prototyping	-	30,301	(30,301)	-	-
Autism project	-	17,300	(17,300)	-	-
Digitised memorial books	-	50,000	(44,086)	-	5,914
	93,007	105,476	(111,202)	-	87,281
UNRESTRICTED - DESIGNATED					
Collection fund	876	-	-	-	876
Tangible fixed assets	17,980,675	-	-	(1,794,859)	16,185,816
	17,981,551	-	-	(1,794,859)	16,186,692
UNRESTRICTED - GENERAL					
Postal Heritage Trust	(957,754)	3,371,211	(5,238,982)	2,825,525	-
Postal Heritage Services Limited	363,368	1,046,461	(338,086)	(553,339)	518,404
Postal Heritage Trading Limited	285,526	848,318	(379,099)	(477,327)	277,418
	(308,860)	5,265,990	(5,956,167)	1,794,859	795,822
	17,765,698	5,371,466	(6,067,369)	-	17,069,795

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2020

	General	Designated	Restricted	Total
	£	£	£	£
Fixed Assets	325,145	22,857,577	81,367	23,264,089
Net Current Assets/(Liabilities)	(208,478)	876	15,916	(191,686)
Long term liabilities - loans	-	(6,226,187)	-	(6,226,187)
- deferred income	(116,667)	-	-	(116,667)
	-	16,632,266	97,283	16,729,549

ANALYSIS OF NET ASSETS BETWEEN FUNDS 2019

	General	Designated	Restricted	Total
	£	£	£	£
Fixed Assets	719,977	23,493,344	81,367	24,294,688
Net Current Assets/(Liabilities)	(403,310)	876	5,914	(396,520)
Long term liabilities - loans	-	(6,511,706)	-	(6,511,706)
- deferred income	(316,667)	-	-	(316,667)
	-	16,982,514	87,281	17,069,795

14. FINANCIAL COMMITMENTS

At 31 December 2020 the group had the following commitments under non-cancellable operating leases.

	Dec 2020	Dec 2019
	£	£
Due in less than 1 year	180,672	165,301
Due 2-5 Years	-	-

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

15. RELATED PARTY TRANSACTIONS

Postal Heritage Trust (PHT) has taken advantage of the exemptions within FRS102 from disclosing related party transactions with Postal Heritage Collection Trust (PHCT), Postal Heritage Services Limited (PHSL) and Postal Heritage Trading Limited (PHTL). The charities SORP requires disclosure of the results and balance sheet positions of the subsidiaries. This information is provided in note 6 in respect of PHSL and PHTL. PHCT has minimal activity. In 2020 it received no grants of heritage assets (2019: £12,875) and at the balance sheet date held heritage assets at a cost of £81,367 (2019: £81,367).

Royal Mail Group (RMG) and Post Office Ltd (POL) have a funding agreement to 2040 to provide PHT with £1,434,212 (2019: £1,406,907) of unrestricted funds, payable over the year to December 2020, for the general purpose of meeting its charitable objectives. RMG has also transferred some of its intellectual rights to PHT.

RMG and POL have an Archive Services Agreement with PHT and its trading subsidiary, PHSL, which provides the latter with £1,011,544 (2019: £1,012,400) of unrestricted funds over the year to December 2020, for the purposes of maintaining the Royal Mail archives.

RMG and Post Office Limited (POL) have both signed legal agreements with PHT and PHSL related to the museum and to future funding, which will provide income to PHT in the form of unrestricted funds, index linked, until 2040.

The disclosures around related parties should be read in conjunction with Note 1 (b) Going concern which states that the Trust and Postal Heritage Services Ltd have defaulted on their loan repayment obligations to Royal Mail Group Ltd and Post Office Ltd. In the event of such a default, the Loan Agreements provide Royal Mail Group Ltd and Post Office Ltd with rights to demand immediate repayment. However, whilst reserving their rights, both Royal Mail Group Ltd and the Post Office Ltd have confirmed to the Trust that they are not presently intending to exercise those rights in the next 12 months, subject to the Trust meeting the deadlines even though the deadlines as set out in the MOU through no fault of the museum, have not been achieved. It is expected that a satisfactory resolution that is acceptable to all parties will be reached in the near future following the signing off of these accounts.

Trustees are clear that The Postal Museum continues to be a going concern despite the hitherto absence of a permanent agreement with Royal Mail and Post Office Ltd to settle the historic loans. Both lenders have indicated in a series of meetings and other correspondence that their preferred outcome is for the Postal Museum to continue to exist and neither has given any indication of any intention to call back the loans in accordance with their contractual rights.

PENSIONS

16.

For the purposes of FRS102 the group cannot identify its share of the underlying assets and liabilities of the defined benefit schemes in which it participates in respect of seven employees. PHT makes pension contributions based on the advice of a qualified independent actuary whose calculations are based upon total scheme membership. A fundamental change in the defined benefit schemes occurred as a result of the passage of the Postal Services Act 2011, with the transfer of all the historic liabilities of the Royal Mail Pension Plan (RMPP) to the new government-backed Royal Mail Statutory Pension Scheme (RMSPS) as at 31 March 2012. Those already receiving a pension, and those who had left service but contributed to the pension prior to 31 March 2012, will receive it from the RMSPS; those who continue to contribute after 31 March 2012 will, upon retirement, receive pensions from both schemes. The public accounts of both RMG and POL schemes indicate that currently these pension schemes are both in surplus. PHT is not exposed to variations in the rate of contributions as the excess of the rate payable over that in respect of employees not in the Royal Mail schemes is reimbursed by the Royal Mail.

PHT makes pension payments of at least 6% as an employer contribution for the remainder of its eligible employees.

POSTAL HERITAGE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 LIABILITY OF MEMBERS

The Postal Heritage Collection Trust is a company limited by guarantee. The liability of each member in the event of a winding up amounts to £1.

18. CAPITAL COMMITMENTS

At 31 December 2020 the group had no capital commitments.

19. POST BALANCE SHEET EVENTS

To safeguard staff and visitors in response to the coronavirus outbreak, the museum was once again required by law to close to the public from 14 December 2020 until 20 May 2021. This resulted the cessation of admissions and commercial income for the first 4½ months of the year.

The museum has undertaken continuous cash flow scenario modelling to help identify the periods when it would be at greatest financial risk. This has helped inform both the timing and the extent of mitigating actions required to maintain a cash balance at a level which enables the museum eventually to emerge from the crisis and maintain a suitable and sustainable programme.